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ANALYSIS OF THE EFFECTIVENESS AND IMPACT OF INTERNATIONAL DEVELOPMENT COOPERATION FOR POVERTY ALLEVIATION, INCLUDING THE IDENTIFICATION OF IMPEDIMENTS, INNOVATIVE MEASURES AND EFFECTIVE STRATEGIES FOR REACHING THE POOR

INTERNATIONAL DEVELOPMENT COOPERATION FOR POVERTY ALLEVIATION: AID EFFECTIVENESS

Report by UNCTAD secretariat

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CONTENTS

		Paragraphs
	INTRODUCTION	1 - 3
I.	INTERNATIONAL DEVELOPMENT COOPERATION AND THE ROLE OF AID IN POVERTY ALLEVIATON	4 - 16
	A. International development cooperation	4 - 5
	B. Debt relief	6 - 11
	C. Recent orientations in aid	12 - 13
	D. Overall impact of aid	14 - 16
II.	AID FLOWS AND SHORTCOMINGS IN POVERTY ALLEVIATION	17 - 28
	A. ODA flows	17 - 23
	B. ODA shortcomings in poverty emphasis	24 - 28
III.	INSTITUTIONAL CONSIDERATIONS FOR INCREASING AID EFFECTIVENESS	29 - 38
	A. Decentralization	30 - 31
	B. Targeting	32 - 33
	C. An enabling regulatory framework	34
	D. Sustainability	35 - 37
	E. Appraisal and evaluation	38
IV.	EXAMPLES OF "BEST PRACTICE" INSTITUTIONAL APPROACHES TO ALLEVIATING POVERTY	39 - 58
	A. Bolivia's Emergency Social Fund	40 - 31
	B. Rural preventive health care in the state of Ceara, Brazil	42 - 45
	C. Bangladesh's Grameen Bank	46 - 47
	D. India's Maharashtra Employment Guarantee Scheme	48 - 49
	E. Affordable shelter and infrastructure standards in Bogota, Colombia	50 - 55
	F. Primary education demand assessment in Mali	56 - 58
V.	CONCLUSIONS AND RECOMMENATIONS	59 - 67

Annex:

Table 1 (A) and (B): External ODA disbursed in 1992, by selected sector and region
Table 1 (C) and (D): External ODA disbursed in 1992, percentages and flows
Table 2: Multilateral development bank approvals of ODA in 1993
Table 3: Trends in total net receipts of ODA by region
Table 4: Aid-reliance ratios and per capita income of recipient countries

INTRODUCTION

1. At the second session of the UNCTAD Standing Committee on Poverty Alleviation, held in Geneva from 25 to 29 July 1994, the Standing Committee requested the preparation of a report by the UNCTAD secretariat on - *"Analysis of the effectiveness and impact of international development cooperation for poverty alleviation, including the identification of impediments, innovative measures and effective strategies for reaching the poor"*, to be presented at its third session, scheduled for 12 to 16 June 1995. The issue of ODA effectiveness in alleviating poverty had been raised earlier, during the meeting of the Intergovernmental Group of Experts, in Geneva in January 1993, where the issue was referred to the second session of the Standing Committee on Poverty Alleviation for its consideration.

2. The report examines a variety of topics that correspond to international development cooperation, including the vital issue of debt-relief. The focus of the report is on aid for poverty alleviation, which is found to account for a relatively small part of aid expenditure. Considerations of an institutional nature are discussed with the aim of identifying ways to reduce impediments and increase the effectiveness of aid in reaching and benefitting the poor. "Best-practice" national examples are supplied to illustrate the institutional principles and mechanisms involved. Finally, conclusions and recommendations are made.

3. The report is organized as follows: Chapter I deals with the issue of international development cooperation in terms of a variety of support measures that can help directly and indirectly to alleviate poverty in the developing countries. Emphasis is given to debt relief and well-targeted aid for satisfying the basic needs of the poor. Chapter II reviews the flows of offical development assistance (ODA) to developing countries and examines certain poverty-alleviation shortcomings of aid. Chapter III presents institutional considerations for reducing impediments and improving the effectiveness of aid in alleviating poverty. It is argued that decentralization; targeting; an enabling regulatory framework; sustainability; and suitable appraisal studies in designing programmes are all ingredients of a successful institutional strategy for alleviating poverty. Chapter IV provides "best-practice" examples of effective institutional approaches in programmes aimed at alleviating poverty. The report ends with conclusions and recommendations.

I. INTERNATIONAL DEVELOPMENT COOPERATION AND THE ROLE OF AID

A. International development cooperation

4. International development cooperation refers to measures and actions taken by the international community that have the aim of promoting the advancement of developing countries and improving the functioning of international economic relations, which remains an urgent task to this day.

5. Development assistance varies greatly in magnitude and type. It consists of a direct transfer of funds, grants, concessional loans and in-kind assistance. Examples of in-kind assistance include food aid and medical supplies, technical assistance, balance-of-payment support and debt relief.

B. Debt relief

6. By 1992, the external debt of the developing countries had reached US$1.5 trillion and debt-servicing US$155 billion, more than two-and-a-half times the value of ODA flows. All told, net foreign flows - which include aid, private investment and remittances from abroad - to developing countries were positive, but only US$25 billion on net was transferred to developing countries. Without principal repayments, some US180 billion would have flowed into developing countries.

7. There is general agreement that debt relief is necessary for the least developed countries, if they are to grow economically and reduce their number of poor. Debt-relief efforts to date have concentrated mainly on official bilateral debt, which represents the bulk of debt owed by low-income countries. Bilateral creditors have re-scheduled this debt under the Paris Club arrangements, offering highly concessional conditions - the so-called "Toronto terms". Under these terms, bilateral official creditors who have extended non-concessional loans may choose to cancel one third of the consolidated amount, adopt the longer repayment period used for concessional debt (25 years' maturity and a grace period of 14 years), or cut the interest rate.[1/] This official debt relief or rescheduling strategy has led to a total debt forgiveness of $2.5 billion during the period 1990-1993, of which $814 million was extended to low-income severely indebted countries[2/]. Denmark announced in March 1995, at the World Summit for Social Development, that it would forgive all its bilateral debt owed by least developed countries, and Austria has pledged to forgive much of its official bilateral debt.

8. As for commercial debt, official creditors had offered under the Brady initiative to support debt- and debt-service reduction for countries that adopt officially sanctioned adjustment programmes and take measures to encourage foreign direct investment and the repatriation of capital. Reductions have taken place, *inter alia*, through debt buy-backs, i.e. the exchange of old debt for new

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1/ See, for instance, UNCTAD, Trade and Development Report, 1994, United Nations publication, Sales No. E.94.II.D.26, New York and Geneva, 1994, pp. 42-44.

2/ See "World Debt Tables: External Finance for Developing Countries", Vol.1, The World Bank, Washington, D.C., 1994, p.41.

par-value bonds at a reduced interest rate or for discounted, partially collateralized bonds.

9. Multilateral institutions have also adopted a number of measures to address the debt problems of the low-income countries. The IDA Debt Reduction Facility, for instance, which was established in 1989, has been instrumental in reducing $814 million of principal on external commercial debt in the cases of seven low-income countries.[3] As for ODA, multilateral donors continue to provide resource transfers through concessional windows to the poorest countries, often in connection with debt-related adjustment programmes. A discussion is underway on the scope for rescheduling multilateral debt.[4]

10. NGOs in developed countries have helped shape public opinion and influence policy-makers by calling for debt alleviation for low-income countries. In Europe, NGOs have encouraged parliamentary debate on this issue and have urged policy-makers to provide debt relief to low-income countries well in excess of the Toronto terms. Swiss NGOs, for instance, contributed to a government decision in 1993 to allocate 700 million Swiss francs for debt relief to commemorate Switzerland's 700th anniversary. In Germany, NGOs proposed in 1993 that seriously indebted low-income countries (SILICS) receive a modern-day equivalent of the "Agreement on German External Debts" that was signed in London in 1953 to settle Germany's prewar debts. In the United States, NGOs have lobbied for Congressional authorization and appropriations to enable the U.S. Government to offer Trinidad terms and to extend the range of countries eligible for debt relief. NGOs based in developing countries have likewise supported such initiatives.

11. In addition, NGOs pioneered debt-for-environment and debt-for-development swaps. These innovative approaches to dealing with the debt problem have enabled NGOs to purchase modest volumes of commercial debt at a discount, convert the debt services payments into local currency, and use the local currency to finance environmental conservation or development efforts.

C. Recent orientations in aid

12. While the end of the Cold War did not produce a peace-dividend or otherwise release additional resources for development, the objectives of development aid became broader and more comprehensive.[5] In addition to stimulating economic growth and addressing such issues as food security, inadequate infrastructure, balance-of-payment disequilibria, emergency relief and technical assistance, there has been a renewed interest in directing more ODA to improving living standards and reducing poverty in the developing countries.[6] The reemergence of interest in poverty alleviation is largely due to concern over the growth of

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[3] See ibid, Vol.7, p.31.

[4] See UNDTAD, Trade and Development Report, 1993, United Nations publication, Sales No. E.93.II.D.10, 1993.

[5] See "DAC Principles for Effective Aid", Development Assistance Manual, OECD, Paris, 1992.

[6] See "Governance and Development", World Bank, Washington D.C., 1992; "World Development Report", World Bank, 1990; OECD, 1992, *op.cit.*, "Human Development Report", UNDP, N.Y., 1990, 1992 and 1993.

conjuntural poverty in the medium term associated with the implementation of structural adjustment policies.[1] Other issues that are high on the agenda of many donors include child survival, the environment, population growth, women-in-development, good governance, democracy, human rights, broad participation, and private sector development.

13. Donors, moreover, have redoubled their efforts to find ways of making ODA more effective. In its "Principles of Effective Aid", for example, the Development Assistance Committee (DAC) addressed such diverse themes as aid coordination, technical cooperation, environmental impact assessment, and evaluation. Moreover, donors and recipients frequently meet informally in international aid consultative arrangements. However, despite the interest on the part of both donors and recipient Governements to improve the effectiveness of ODA, sound proposals have seldom been fully implemented. Moreover, donors have not sought to reverse the recent trend decline in resources for development assistance.[2]

D. Overall impact of aid

14. The issue of whether or not aid helps developing countries to develop has been much debated. The Republic of Korea and Taiwan, Province of China, have been cited by some critics of aid as examples of successes in achieving economic progress and reducing poverty without aid. In fact, however, aid to implement agrarian reforms and other development programmes was instrumental in laying the foundations for rapid growth and poverty alleviation in the examples cited. It cannot be denied, however, that some developing countries which have received aid over the years appear to have little to show for it.

15. Generally speaking, the impact of aid on developing countries seems to have been more pronounced in terms of social development than economic growth. Aid has helped save many lives from famine and disease, has financed the construction of physical and social infrastructure, has helped extend the reach of basic services to the poor, has played a role in increasing human capital and has promoted institution-building. Partly as a result of aid, literacy rates have doubled and life expectancy in the developing countries has increased by more than 50 per cent, rising from 40 to 63 years, during the post-war years of aid assistance.[3] There remain, nonetheless, major poverty-related needs to be overcome. According

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[1] For a perspective on the evolution of World Bank thinking and actual practice with respect to poverty between 1980 and the early 1990s, see L. Emmerij, "A critical review of the World Bank's approach to social-sector lending and poverty alleviation", in UNCTAD, International Monetary and Financial Issues for the 1990s, Volume V, United Nations publication, Sales No. E.95.II.D.3, 1995, pp.15-33.

[2] For the most recent years for which data are available, total ODA declined from US$60.8 billion in 1992 to $55.9 billion in 1993. See "Development Cooperation: Efforts and Policies of the Members of DAC", 1994 Report, OECD, Paris.

[3] These indicators are important measures of the human condition. Literacy enlarges human choice and participation in development. Life expectancy at birth sums up the combined effects of nutritional status, public health, the general physical environment, and the circumstances in which people are born, live and die.

to United Nations estimates, 900 million adults in the developing world cannot read or write, 1.5 billion lack access to health care, 1.75 billion are without safe drinking water and some 800 million people go hungry.[9]

16. While development aid has contributed to improved living conditions in the developing countries, the above estimates suggest that much remains to be done to satisfy the basic needs of the estimated 1.1 billion persons who currently live in absolute poverty. ODA can assist developing countries to grow through support ranging from energy, mining and industrial development investments to debt relief. However, the fruits of growth reduce poverty only indirectly and over time. Moreover, ODA is only one factor affecting economic growth, and usually not the most significant. If poverty is defined not only in income terms but also with regard to access to health care and other vital needs, then ODA support for well-targeted basic social services and programmes can be considered an effective approach for alleviating poverty. According to one study, properly targeted funds can reduce poverty by a factor of more than eight to one compared to the contributions through economic growth that non-targeted forms of international development cooperation can make.[10]

II. AID FLOWS AND SHORTCOMINGS IN POVERTY ALLEVIATION

A. ODA flows

17. Four countries - Denmark, Netherlands, Norway and Sweden - surpass the 0.7 per cent target of aid as a percentage of GNP. In terms of burden-sharing, Australia, Belgium, Canada, Finland and France have maintained their ODA efforts substantially above the average ODA/GNP ratios of DAC members, while Germany, Italy and Portugal attain just above the average. Other significant DAC donors include Australia, Austria, Ireland, Japan, New Zealand, Spain, Switzerland, United Kingdom and United States. Annex table 1 provides a breakdown by donor countries of sectoral and regional allocations of ODA.

18. Official flows, including grants and loans, accounted for over 40 per cent of all flows to developing countries during the 1980s and early 1990s. Such flows increased considerably in real terms during the 1980s, as did the degree of concessionality for the poorest countries. The proportion of ODA that has been allocated to Africa rose substantially during the 1970s and 1980s, while the share allocated to Asia fell during those years (see annex table 3).

19. Of the total DAC ODA disbursed in 1992, a quarter was allocated to the least developed countries. Nearly a third of all the aid, moreover, was channelled to developing countries through multilateral organizations. The remaining DAC ODA consisted of bilateral assistance (see Annex table 1.C)

20. Of the loans approved by the multilateral development banks in 1993, nearly half of the total dollar amount was approved for Asia, about a third went

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[9] For a full review and discussion of social indicators on the human condition, see United Nations, Report on the World Social Situation 1993, United Nations publication, Sales No. E.93.IV.2, 1993, in particular chapter IX.

[10] See N. Kakwani, "Poverty and economic growth: with applications to Cote d'Ivoire", LSMS Working Paper No. 63, World Bank, Washington, D.C., 1990.

for Latin America, and the remainder for Africa. After debt repayments, the total net flows amounted to 2 per cent of the total loans disbursed (see annex table 2).

21. ODA as a percentage of GNP has been very high for a few developing countries. At one extreme, total ODA to Mozambique in 1990-1991 was virtually equivalent to that country's GNP. On the other hand, for the two countries - China and India - where over half of the world's absolute poor are concentrated,[12] total ODA in 1990-1991 was equivalent only to 0.6 and 0.5, respectively, of those countries' GNP. A breakdown by countries and regions is provided in annex table 4.

22. Although the bulk of development assistance is extended by developed countries, some developing countries also represent significant sources of development aid. These include a number of OPEC countries and rapidly-growing developing countries which, between them, accounted for about 16 per cent of total ODA in 1993.[13]

23. An increasing quantity o ODA is channelled through NGOs. Whereas in 1970 official sources accounted for 1.5 per cent of NGO budgets, by 1992 this percentage had risen to about 30 per cent. In addition to $6 billion of privately mobilized resources, NGOs had channelled about $2.5 billion of ODA to developing countries in 1992.[14] Annex tables 1.D and 1.C, respectively, disaggregate NGO flows by DAC donor countries and the share of ODA of each of those countries that is channelled through NGOs.

B. ODA shortcomings in poverty emphasis

24. Reference has been made in Chapter I to the contribution of aid to reducing mortality levels and improving living standards in the developing world. ODA-supported technological breakthroughs such as the "green revolution" and advances in tropical medicine have helped reduce hunger and improve health conditions in the developing countries. Compared to what could be achieved, however, ODA has fallen short of realistically attainable goals for satisfying the basic needs of the poor. While there are a variety of explanations for this shortfall, one trenchant reason appears to be the lack of strong commitment on the part of many donors and recipient Governments to alleviate poverty. The gap between declared intentions of giving priority to alleviating poverty and actual practice remains wide.

25. For one thing, ODA has not been directed as much as it could be to the countries where the absolute poor are primarily concentrated. Ten countries, accounting between them for over two-thirds of the world's absolute poor, receive

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[12] See World Bank, World Development Report 1990, Oxford University Press, New York, 1990, table 2.1.

[13] See "Aid from OPEC countries", OECD secretariat, Paris, 1989, and "Financial Solidarity for Development: ODA from OPEC and institutions to other developing countries", 1989 Review, UNCTAD, United Nations.

[14] Source: adapted from the World Bank, World Debt Tables; External Finance for Developing Countries, Vol. 1, Washington, D.C., 1994, p.23.

less than one-third of donor aid.[15] Indeed, the wealthiest 40 per cent of developing countries receive twice as much aid per capita as the poorest.[16]

26. Secondly, it is estimated that only 7 per cent of DAC bilateral aid and 16 per cent of multilateral aid are allocated to the social-sector, basic-needs types of intervention that can do the most to alleviate poverty in the short and medium term, e.g. basic education, primary health care, safe drinking water, adequate sanitation and nutrition programmes.[17] Moreover, of those aid flows, only a small proportion reaches and benefits the extremely poor living in isolated rural areas.

27. Poverty alleviation has received only a moderate share of ODA resources because donors, as well as recipient Governments, have other agendas and ODA priorities which they consider equally or more important. Donors and recipient Governments, for instance, often prefer to finance large capital installations which for donors often have the added advantage that the purchase of related equipment and services is tied to suppliers from their country.[18] While much of this investment contributes to long-term growth and eventual poverty reduction, some of it falls into the "white elephant" category[19]. Owing to the volume of the loans they make, multilateral financial organizations also tend to prefer to finance large-scale projects in an effort to hold down their overhead costs. However, basic human needs programmes such as primary health care require little capital investment but have substantial recurrent costs of staff in the field which donors have generally been reluctant to support. For such reasons, primary health care programmes receive far less aid than national capital hospitals for example.[20] From an administrative overhead point of view, moreover, the scale of many of the assistance projects that poor communities seek assistance for is too small and field-worker intensive for most donors, particularly the multilateral financial organizations, to consider funding. While overhead costs of staff-intensive operations are a drawback in efficiency terms, the fact that such inputs form the main determinants of a programme's ability to reach the poor should be of utmost importance.

28. Absorption difficulties and weak institutions present additional obstacles

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[15] See UNDP, Human Development Report 1994, Oxford University Press, New York, 1994, p.72.

[16] This finding is attributable largely to the amounts of aid per capita received by four countries: China and India, on the one hand, and Egypt and Israel, on the other. Ibid, pp. 72-73

[17] Ibid, tables 4.4 and 4.5.

[18] Approximately two-thirds of all aid supplied by DAC countries falls into the category of "tied" aid. See UNDP, Human Development Report 1994, Oxford University Press, New York, 1994.

[19] Of course, there are some short-term, positive temporary effects on poverty in terms of the construction jobs generated.

[20] The United Kingdom, for example, gave 10 times more aid to hospitals than primary health care in Nepal in 1991-92, and 50 times more to hospitals than primary health care in the Gambia during the same period. See M. Hurtado, "The great aid robbery: how British aid fails the poor", World Development Movement, London, February 1995.

to donors-supported programmes reaching and benefiting the poor. These institutional problems tend to be especially acute in the least developed countries. A number of institutional hurdles, and ways and examples of overcoming them, are discussed below in chapters III and IV.

III. INSTITUTIONAL CONSIDERATIONS FOR INCREASING AID EFFECTIVENESS

29. Reaching the poor effectively through ODA-supported programmes is a process that requires suitable institutional conditions. Institutions include both formal and informal organizations, as well as an enabling regulatory framework within which to operate effectively. In sectors such as primary education and urban infrastructure, line agencies deliver essential services to both the poor and non-poor without necessarily requiring their participation. On the other hand, in activities that seek to induce the poor to improve their conditions largely through their own efforts, grassroots institutions that are sensitive to both processes and diversity are required. It is in this latter area particularly where many ODA-supported programmes encounter difficulties of implementation and sustainability. Moreover, under conditions of resource scarcity, effective programme targeting is important in reaching the poor in ways that avert under-coverage of benefits as well as leakage to the non-poor. In light of such observations, the issues of decentralization, targeting, the enabling regulatory framework, sustainability, and appraisal methods are briefly examined below.

A. Decentralization [21]

30. Decentralization is essential for programme activities that rely on local embeddedness, intensive contact with beneficiaries or which require their participation in the design and implementation of the activities in question. In cases of homogeneous programme outputs, decentralization can be achieved either from the top-down or through local NGO efforts. An example of the former may be found in Brazil where the state of Ceara has a preventive health programme which, as explained in chapter IV, is carried out by Ceara's Department of Health. An example of the latter is the grassroots origins of the Grameen Bank's group-lending approach to poverty alleviation, which is also discussed in Section IV. Both approaches have been successful in reaching and assisting the poor because of their highly motivated, well-trained field agents who visit the poor regularly and develop relations of trust with them.

31. Heterogeneous activities to alleviate poverty often call for institutional pluralism in which formal and informal institutions are linked. In such cases, synergy can ensue when the technical and administrative capabilities of central organizations and the community development skills of grassroots organizations form a fruitful partnership to help meet the needs of the poor. A central government agency, for instance, can play an indispensable role in funnelling block funds from donors, in particular multilateral lending institutions, to poverty groups through indigenous NGOs, with the aim of carrying out community-identified improvement projects. Channelling aid to indigenous NGOs through recipient-government intermediary or "wholesaler" organizations also avoids

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[21] See, for instance, L. Salmen, "Reducing poverty: an institutional perspective", Poverty and Social Policy Series Paper, No.1, World Bank, Washington, D.C., 1992; and "The World Bank and participation", World Bank Operations Policy Department, Sept. 1994.

putting donors in a position of seeming unwillingness to cooperate with national Governments, especially in cases where relations between the governments concerned and some local NGOs may be strained.[22] Bolivia's Emergency Social Fund, which is described in chapter IV, provides a good example of an effective "wholesaler" approach to funnelling ODA in support of poor community-group projects.

B. Targeting [23]

32. The conceptual and practical issues of targeting are generally well known and require little elaboration in the present report. From an institutional perspective, the benefit of targeting is that it can concentrate aid allocated to poverty alleviation on those who need it most. The costs are the administrative ones of identifying potential beneficiaries, as well as any loss of political support that may result for the programme on account of excluded groups.

33. Targeting mechanisms may be group-oriented, as in the case of health and nutritional programmes for lactating mothers and their infants; geographically-oriented, as in the selection of deprived urban and rural areas for the location of programmes; and/or based on "self-selection" approaches, i.e. where the programme or service is designed in such a way as to discourage the non-poor from using it. Subsidized food programmes designed for the poor often rely on a combination of geographic location and "inferior good" qualities as targeting mechanisms. Geographic and self-selection principles likewise characterize public employment programmes that feature hard and poorly paid work. An example is India's Maharashtra's Employment Guarantee Scheme, which is discussed in chapter IV.

C. An enabling regulatory framework[24]

34. An enabling regulatory framework is important for the success of certain approaches to alleviating poverty. In the urban informal sector, for instance, enabling regulations can facilitate poor people's efforts to earn a livelihood and improve their residential conditions. Misguided regulations, on the other hand, may increase transaction costs and stunt the efficiency of small enterprises and of informal sector housing markets. Under the latter conditions, programmes aimed at developing informal sector entrepreneurship or upgrading squatter settlements may have little sectoral impact beyond the immediate projects undertaken. Colombia's experience with minimum standard regulations for Bogota's informal settlements, as discussed in chapter IV, demonstrates the

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[22] By creating mistrust, close direct ties between a bilateral donor and an indigenous NGO can also be detrimental to the relations of the NGO with the government of the country where it operates. See J. Tendler, "Captive donors and captivating clients: a Nicaraguan saga", Massachusetts Institute of Technology, Cambridge, MA, June 1985 (unpublished).

[23] See, for instance, M. Grosh, Administering Targeted Social Programmes in Latin America, World Bank Regional and Sectoral Studies, Washington, D.C., 1994.

[24] See, for instance, S. Angel and S. Mayo, Housing: Enabling Markets to Work, World Bank Policy Paper, Washington, D.C., 1993; A. Woodfield, Housing and Economic Adjustment, Taylor & Francis, New York, 1989; H. de Soto, The Other Path; The Invisible Revolution of the Third World, Harper and Row, New York, 1989; and A.Tripp, "Defending the right to subsist: the State vs. the urban informal economy in Tanzania", WIDER Working Paper No. 59, Helsinki, August 1989.

importance of periodically taking stock of and modifying counterproductive regulations so as to make them part of the solution to alleviating poverty.

D. Sustainability

35. The history of aid contains numerous examples of projects, many of them executed by donor-supported project units and consultants, that have not survived the departure of the donor. On the other hand, when donors associate themselves with programmes which Governments have initiated and feel a true commitment to, i.e. programmes that "belong" to them, the chances of sustainability have been much better. Examples include the Ceara preventive health programme and India's Maharashtra Employment Guarantee Scheme that are described in chapter IV.

36. In certain cases, sustainability may also be achieved through recourse to the private market channels of the recipient country. This is the case in particular of aid-supported technological innovations and diffusion, such as improved plant hybrids. Even in such cases, however, support services from the public sector - such as extension assistance and credit to smallholder farmers - can determine whether poor producers adopt the technologies or not.

37. Second-round effects may also sustain and, indeed, multiply the benefits of a programme long after it has been completed. For instance, as in the case of Bogota's affordable shelter and infrastructure standards, summarized in chapter IV, an enabling regulatory framework that provides households with security of land tenure and basic infrastructure can induce allottees to upgrade their dwellings incrementally, as resources allow, over 10 to 20 years, thereby generating informal-sector construction jobs and improving the residential conditions of the urban poor.[25]

E. Appraisal and evaluation [26]

38. Programme appraisal and evaluation can help increase the effectiveness of programmes designed to alleviate poverty. To have maximum impact, the learning process ought to incorporate the perspectives of the poor. Qualitative research can be utilized to supplement questionnaire-based findings in order to probe more deeply into issues of primary concern. Possible data-gathering techniques in qualitative research include direct observation, conversational interviews, focus group meetings, participant observation and institutional assessment. The application of qualitative and quantitative research is important before, during and after programme implementation. An example of the application of qualitative research to a rural appraisal study is provided in chapter IV with respect to primary education in Mali.

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[25] In an in-depth study, piped water was found to nearly double the value of otherwise comparable dwellings, while land tenure security added 25 to 60 per cent to the value of dwellings to owners and 10 to 15 per cent for tenants. In response to these increases in value, residents invested far more in their dwellings than did those without security of land tenure or piped water. See P. Strassmann, The Transformation of Urban Housing, John Hopkins University Press, Baltimore, 1982; and P. Strassmann, "The timing of urban infrastructure and housing improvements by owner occupants", World Development, vol. 12 no. 7, July 1984.

[26] See, for example, L. Salmen, Listen to the People, Oxford University Press, New York, 1987; and M. Patton, Qualitative Evaluation and Research Methods, Sage Publications, Newbury Park, CA, 1990.

IV. EXAMPLES OF "BEST-PRACTICE" INSTITUTIONAL APPROACHES TO ALLEVIATING POVERTY

39. Some "best-practice" examples of institutional approaches to alleviating poverty are briefly described below. The criterion adopted in selecting the examples is that each example, in its own way, should represent a "best practice" illustration of one or more of the kinds of effective institutional approaches discussed in chapter III. Thus, the examples of Bolivia and Brazil illustrate two different forms of decentralization; the Bangladesh case combines decentralization with geographical and group targeting; the Indian case provides an example of "self-selection" targeting; the Colombian case offers an example of an enabling regulatory framework and sustainability; and the Mali example illustrates the importance of field appraisals when designing a programme.

A. Bolivia's Emergency Social Fund[27]

40. The Emergency Social Fund (ESF) of Bolivia is a good example of a central government organization through which large donor institutions such as the World Bank channel resources to the poor at the grassroots level. The ESF acts as a wholesaler of donor funds, which it divides into small amounts and passes on in the form of grants mainly to NGOs to assist community groups in carrying out projects of their choice.

41. While the original purpose of the ESF was to mitigate the social impact of stabilization and adjustment programmes adopted by Bolivia in the 1980s, its major lasting development impact will probably be the way in which it has strengthened Bolivia's institutional response to the challenges of widespread poverty. During the course of its first three years of existence, the ESF had channelled roughly US$30 million for a wide variety of community-level projects. These have included employment-generating projects, such as street paving, irrigation and self-help housing, and social assistance projects such as health centres, day care centres and school lunch programmes. Because it is well-administered, quickly-disbursing and responsive to initiatives from NGOs, community groups and other local institutions, the ESF has channelled more funds to more poor people than any other Bolivian organization in history. The ESF, moreover, has served as a model to line agencies as to how central institutions can support local groups in their endeavours.

B. Rural preventive health care in the state of Ceara, Brazil[28]

42. The Health Agents Programme of the state of Ceara exemplifies how a traditional line agency such as the state's Department of Health can decentralize a poverty-oriented component of its work to the grassroots level and achieve outstanding results.

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[27] Based on L. Salmen, "Reducing poverty: an institutional perspective", op. cit.; and S. Jorgensen, M. Grosh and M. Schacter, Bolivia's Answer to Poverty, Economic Crisis, and Adjustment: The Emergency Social Fund, World Bank Regional and Sectoral Studies, Washington, D.C., 1992.

[28] See UNICEF, "Ceara keeps promise to children", First Call for Children, Vol. 4, Oct.-Dec. 1993, CF/DOI/FC/93-004); and J. Tendler and S. Freedheim, "Trust in a rent-seeking world: health and government transformed in Northeast Brazil", World Development, Vol.22 No.12, December 1994.

43. Ceara, a state in Brazil's poorest region - the North-east - is roughly equivalent in size and population to France. One third of the population of 45 million is estimated to live in absolute poverty. During the five years that the state's new preventive health programme started operating, infant deaths in Cerea fell from 102 to 65 per 1,000. In that period, the Health Agents Programme (Programa de Agentes de Saude) of the state's Department of Health increased vaccination coverage for measles and polio from 25 per cent of the population to 90 per cent. Whereas only 30 per cent of the counties in the state of Ceara had a nurse before the programme started in 1987, let alone a health clinic, the programme was operating in virtually all of the state's 178 counties five years later. By 1993, 7,300 paraprofessional health agents were visiting 850,000 families in their homes every month. They have provided assistance and advice on oral rehydration, vaccination, prenatal care, breast-feeding, and growth monitoring, and have collected data for the monitoring of health. For these accomplishments, the state of Ceara won the UNICEF Maurice Pate prize for child support programmes in 1993.

44. The preventive health programme grew out of an emergency employment programme that was set up as a result of a drought in North-east Brazil in 1987. Programme costs averaged US$2 per person served - totalling about $7 to $8 million a year - compared to the $80 per capita estimated costs of Brazil's existing health-care system. About 80 per cent of the programme's costs have represented payments to the programme's health agents. The agents have been mainly women who earn the minimum wage (albeit high in terms of their limited schooling and alternative employment opportunities). These paraprofessional workers are highly motivated owing to the rigorous, meritocratic selection process and training that they undertook, the variety and discretion of their tasks, and the media publicity, health-improvement prizes and sense of "mission" and status that have formed part of their work. Health agents must live in the areas where they work, work eight hours a day, visit each household at least once a month, attend all training and review sessions, and not canvass for a political candidate or wear or distribute political propaganda. Watchful monitoring from the communities that they serve has been a factor in their performance, although most of the agents have developed close relationships of trust with their clients.

45. The paraprofessionals have been supervised and trained by nurses, with a ratio of 30 paraprofessionals to each nurse. The state's Department of Health has been responsible for recruiting the paraprofessionals through a rigorous selection process, training them, and in general supervising the Health Agents Programme. In sum, the state's actions have represented a felicitous combination of centralized control and local embeddedness in bringing its preventive health programme to the poor.

C. Bangladesh's Grameen Bank[29]

46. The Grameen Bank is a well-known example of a decentralized, grassroots approach to alleviating poverty through group lending in which one member's failure to repay jeopardizes the group's access to future credit. As of 1991, the

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[29] Based on I. Jazairy, M. Alamgir and T. Panuccio, The State of World Rural Poverty, published for IFAD by New York University Press, New York, 1992, Box 7.3; and M. Yunus, Grameen Bank: Organization and Operations, Grameen Bank, Chaka, Bangladesh, 1988.

Grameen Bank was serving roughly 910,000 extremely poor borrowers - over 93 per cent of them women - and its loan recovery rate was 97 per cent. Most of the borrowers have been landless; loans have averaged US$70 each. Per capita income among borrowers has, on average, risen by 35 per cent over two to three years, and additional employment has been generated.

47. The Grameen Bank was begun in 1976 in one village by an economist who set out to learn economics from the vantage point of the poor. Through observation and experimentation, he discovered that community relations were strong and that a major unfulfilled need was credit. The Grameen Bank sought to formalize these informal communal bonds into small groups of five people and introduced the concept of peer pressure as a replacement for collateral. In that way, access to formal credit (at the same terms offered to formal-sector borrowers) was provided to villagers. In 1980, IFAD extended a US$3.4 million loan to Grameen, and followed up in 1984 with a second phase loan of $23.6 million. While there had been concern that rural power structures and social opposition to its focus on women would result in the bank's failure, the Grameen Bank instead grew rapidly. By 1991, Grameen was operating out of 854 branch offices covering 21,114 villages (out of a total of 68,000) of Bangladesh. Grameen's outreach system has consisted of a dedicated, young cadre of "bankers on bikes" who go into the villages making loans, collecting payments and motivating people by understanding their needs and capabilities.

D. India's Maharashtra Employment Guarantee Scheme[30]

48. India's Maharashtra Employment Guarantee Scheme (EGS) provides an example of how to get the benefits of a programme to those most in need. This is done through geographical targeting and, through physically hard and poorly paid work, "self-selection" targeting. Besides serving as a safety net by providing guaranteed employment year-round to those who need it, the EGS maintains and creates rural infrastructure. The self-selection targeting mechanism is simple: since poor people are willing to work for low wages, the EGS offers wages that are low enough to screen out the non-poor. Indeed, the proportion of participants with incomes below the poverty line is estimated at over 90 per cent. The EGS, moreover, attracts people who are often excluded from other social programmes -- for example, women and members of certain castes. About three-quarters of the EGS budget is spent on the beneficiaries' wages.

49. The EGS provides, on request, employment at a stipulated wage, within fifteen days, and no more than five kilometres away from the participant's home village. An unemployment allowance is paid when this is not possible. In the mid-1980s, 180 million person-days of employment were provided annually, representing 3 per cent of total rural employment. There is evidence that the proportion of poor declined faster as a result than would have been expected on the basis of initial conditions and the growth of output. It is also clear that the EGS has helped reduce wage differentials between the sexes and among ethnic groups. Most importantly, however, the EGS has diminished the fluctuations in income of the rural poor by providing work, and hence purchasing power, when it is most needed.

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[30] Based on J. Dreze and A. Sen, Hunger and Public Action, Clarendon Press, Oxford, 1990; and S. Acharya and V. Panwalkar, "The Maharashtra Employment Guarantee Scheme: impacts on male and female labour", Tata Institute of Social Sciences, Bombay, 1988.

E. Affordable shelter and infrastructure standards in Bogota, Colombia[31/]

50. Bogota's experience over the past 25 years in accommodating the residential needs of a rapidly growing urban population demonstrates the importance of periodically reviewing the suitability of the regulatory framework that influences informal-sector housing markets. As a result of the modifications introduced in 1979 and 1980, regulations have played an enabling role in providing the poor of Bogota with access to affordable shelter, drinking water and sanitation.

51. Low-income households and the poor in Bogota live primarily in dwellings built in informally supplied land subdivisions that account for close to half of the city's total housing stock. The subdivisions on which the dwellings stand have typically been the product of developers illegally purchasing and subdividing unserviced land in peripheral areas of Bogota. Infrastructure and services have usually been obtained after the dwelling was built -- a not altogether unsatisfactory solution, as it has enabled households to build incrementally and phase their residential expenditures in a more affordable way. As informal subdivisions gained services and became regularized and built up, the share of tenants in owner-occupied dwellings rose. By the mid-1980s, an estimated 37 per cent of owner-occupants in the periphery of Bogota rented out single rooms and small apartments --which housed at the time about 55 per cent of Bogota's tenant population. These tenants generally had incomes well below the poverty line.

52. The Federal District of Bogota, with aid support, began to supply residential infrastructure services on a large scale to these subdivisions in the early 1970s. It simultaneously issued new decrees, *normas minimas*, which regulated future subdivisions in terms of both the minimum size of plots and the required level of infrastructure service required. These decrees promised land titles and a full complement of off-site, trunk infrastructure to subdivisions meeting the minimum standards, and fines and imprisonment to developers who failed to meet them.

53. From 1974 to 1977, only one-quarter of all new subdivisions conformed to these regulations. Many developers did not have sufficient capital to finance the required on-site infrastructure services before selling lots. Others moved their operations beyond the district boundaries where these regulations did not apply. Popular pressure mounted on the district authorities to provide infrastructure services even when developers did not conform to regulations.

54. As a result, modifications were introduced in 1979 and 1980 that distinguished between the situations of the allottees and those of the developers. Regardless of the legal situation of any given subdivision, allottees were retroactively given building licenses, whether or not they had complied with building codes when constructing their dwellings. This provision facilitated the issuance of legal home titles and the provision of infrastructure. As for developers, licenses could be issued to them to begin selling lots before installing the infrastructure, thereby helping them raise the capital needed for on-site infrastructure. At the same time, sanctions were refined and strengthened

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31/ Based on A. Hamer, "Bogota's unregulated subdivisions: the myth and reality of incremental housing construction", World Bank Staff Working Paper 734, Washington, D.C., 1985.

for developers who did not eventually provide the required infrastructure. It has since been found that the modifications in regulations have encouraged more households to upgrade their dwellings, and more developers to follow legal procedures. Poor residents, as a result, have gained improved access to drinking water, sanitation and adequate living conditions.

55. The enabling measures adopted by Bogota to guide and control the informal land and shelter production processes are instructive for what can be achieved as a result of regulatory reviews. In its evolution of public measures and regulations with regard to sub-dividers and allottees, the public sector demonstrated realism and political will to deal with complex and sometimes questionable housing processes. Through the adoption of enabling regulations, the district authorities made it possible for all participants in the subdivision process - landowners, developers, allottees and public agencies - to know their responsibilities and the responsibilities of others under the law.

F. Primary education demand assessment in Mali[32/]

56. This example from Mali underscores the value of carrying out appraisal research before undertaking a project. As part of a policy reform project supported by the World Bank and other donors, a beneficiary assessment project was carried out in Mali in 1988 with respect to rural primary education. The assessment took six months to execute. A combined team of professionals from the Ministry of Education of Mali and the Institut Malien de recherches appliquées au développement (IMRD), a local consulting firm, spent one month living in villages in four regions representing differing degrees of primary school attendance (which averaged 15 per cent for the rural areas of the country).

57. The team found that most rural parents felt that the costs of having their children attend school outweighed the benefits. The costs were associated with the distance, an average of eight to nine kilometres from home to school; the expenses of feeding, and in some cases lodging the children while at school; and the opportunity cost of not having the children at home to help with farm work. The costs outweighed the benefits of schooling in part because of the quality of the schools, both in terms of curriculum and physical conditions, was not appreciated, and because schooling was no longer an assured gateway to employment in the public and private sectors. The respondents knew of many young Malians without education who had emigrated and sent back more money than peers who had taken up local jobs after graduating from school.

58. As a result of this assessment, the Government of Mali, aided by the World Bank and other donors started to subsidize the cost of school lunches and mount an information campaign aimed at demonstrating the importance of literacy and numeracy skills in, for instance, the selection of seeds and fertilizer appropriate for higher-yielding crops. The Education Ministry's research staff, which had never before used qualitative, participant-observation methods, decided to use this approach also in the evaluation exercise that would form part of this primary education project.

32/ Based on L. Salmen, "Reducing poverty: an institutional perspective", op. cit.

V. CONCLUSIONS AND RECOMMENDATIONS

59. International development cooperation is urgent and necessary for alleviating poverty in the developing countries. Debt relief is one form of development cooperation that can make a big difference by freeing resources for the developing countries to address poverty needs and other priorities. It is essential to accelerate the process of official debt forgiveness in order to enable low-income countries to return to a development path that will help reduce poverty over the long run. Meanwhile, aid that is directed at satisfying the basic human needs of the poor can act directly and rapidly on various fronts of the multifaceted dimensions of poverty. When well-targeted, such ODA can be a highly effective form of international development cooperation for reaching and benefitting the poor.

60. Insufficient ODA, however, is directed to poverty alleviation. Only 7 per cent of DAC bilateral aid and 16 per cent of multilateral aid are provided to such priority needs of the poor as basic education, primary health care, safe drinking water, adequate sanitation and nutrition programmes. Partly because of the limited resources, little of this aid reaches extremely poor households living in remote rural areas. The allocation of aid is likewise skewed among recipient countries: the wealthiest 40 per cent of developing countries receive twice as much per capita aid as the poorest.

61. One problem is that poverty alleviation is but one of many objectives that aid is intended to satisfy. Much of ODA is directed at capital-intensive sectors such as energy, transport, construction and mining that contribute little to poverty alleviation except in the long term. On the other hand, many of the initiatives required for reducing poverty in a shorter time frame make intensive use of recurrent resources at the field level.

62. Another problem in alleviating poverty is that, in LDCs in particular, a major impediment to ODA-supported efforts to alleviate poverty is the lack of absorption and institutional capacity. In fact, ascertaining the institutional context in which poverty programmes are to be carried out should be a major aim of any appraisal exercise. However, a number of "best practice" examples described in this report show that institutional factors need not be impediments, even in the poorest of countries. Innovative measures and effective strategies have demonstrated that institutional factors should not be a pretext for not allocating more resources to poverty alleviation.

63. In light of the positions adopted by donor Governments, *inter alia*, at the World Summit for Social Development, marshalling more ODA resources in order to increase aid allocations to poverty alleviation seems currently unlikely. That does not mean, however, that a more effective use of existing aid resources cannot be made. With only a small proportion of aid going to activities that are directly relevant to the basic needs of the poor, there is scope for substantial increases. It will be recalled in this connection that at the World Summit for Social Development, a non-binding goal known as the 20-20 proposal was adopted in which donors and recipient Governments would allocate 20 per cent of their aid

and budgets, respectively, to basic social development.[33/]

64. If more aid resources were to be shifted to poverty alleviation, how would the additional resources be utilized to best effect? For that, a re-examination of the structure of aid expenditures is necessary. Since basic needs programmes such as primary health care are much more intensive in their utilization of recurrent resources than in their capital investment needs, consideration could be given, on a case-by-case basis, to shifting more ODA funds to supporting recurrent resource requirements that are of direct benefit to the poor. The rural preventive health care programme of the state of Ceara in Brazil's Northeast provides a good example of what can be achieved. The success of this programme lies in its grassroots approach, which consists of 7,300 paraprofessional health agents working directly with the rural poor in virtually all parts of the state. The need for donor support of an indefinite duration to help cover the recurrent costs of outreach workers in programmes and services that effectively reach and benefit the poor is especially great in low-income countries that do not have sufficient budgetary resources to cover the costs involved. Those are the countries, moreover, which for the most part have the greatest shortfall in basic needs services and programmes for the poor.

65. Another important area where more aid could be directed is in helping poor rural and urban groups carry out communal activities identified by them as particularly important to their security, well-being and progress. By funnelling aid resources through wholesaler organizations to indigenous NGOs and other bodies to assist the poverty groups in question, donors would not only obtain efficiencies of scale in the administration of many small projects, but also maintain better relations with the Governments concerned than if they were to bypass government organizations altogether and work directly through local NGOs. A good example of the wholesaler approach, Bolivia's Emergency Social Fund, is described in the report.

66. Because of the multifaceted nature of poverty, donors should seek to assess and identify as wide a range of useful interventions as possible to alleviating poverty. Research approaches such as described in the report can help in identifying, interpreting and designing suitable responses to the needs of the poor, including the form of enabling regulatory environment that would be most beneficial. Examples of innovative measures and effective strategies to increase the assets and earning capacity of the poor, and reduce their vulnerability on account of fluctuations in income, were described in chapter IV above. As with other "best practice" examples, these approaches necessitate substantial numbers of outreach workers in order to be implemented successfully.

67. To conclude, the success of increased efforts on the part of donors to help alleviate poverty in the developing countries is likely to hinge not only on committing additional resources to that end but also assessing the institutional issues to be dealt with and moving toward a policy of helping finance, in low-income countries, the recurrent-costs of ODA-supported programmes that most effectively reach and benefit the poor. Support for small-scale grassroots undertakings on the part of the poor should also form part of an enlarged donor

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33/ While most donors already allocate around 20 per cent of their aid to social services (see Annex table 1.A), most of it goes to universities, hospitals, sewerage systems, and other investments which benefit primarily the non-poor.

commitment to poverty alleviation. Donors thus may wish to reconsider their existing policies and shift more resources to LDCs to help support, on an indefinite basis, the recurrent costs of outreach workers in governmental and NGO programmes that directly work with the poor to help satisfy their basic needs. The positive impact on the poor of such an approach should outweigh efficiency concerns over the relatively high overhead costs and open-ended nature of the commitment made.

ANNEX

Table 1

EXTERNAL ODA DISBURSED IN 1992

A. Percentage of total aid given, by selected sector

Country/Grouping	Education	Health, nutrition and population	Other, including water supply + sanitation	Food Aid	Emergency aid	Debt relief
Australia	13.6	6.1	9.9	1.3	5.3	0.4
Austria	8.3	0.4	1.4	0.5	10.9	60.5
Belgium	15.4	12.4	4.0	2.7	2.4	5.7
Canada	6.3	1.3	4.0	9.6	4.4	0.0
Denmark	6.8	15.0	21.0	..	6.6	..
Finland	2.1	2.8	10.7	..	15.9	14.2
France	24.3	2.8	4.5	0.5	0.6	5.6
Germany	13.0	1.8	7.2	2.7	10.2	14.1
Ireland*	21.3	6.2	3.7	17.2	9.7	..
Italy	3.7	3.5	6.2	5.4	5.1	16.0
Japan	6.3	1.8	7.9	0.4	1.9	6.2
Luxembourg	5.7	20.3	2.5	6.5	33.3	..
Netherlands	6.1	8.3	11.7	7.9	7.4	.5
New Zealand	30.3	2.5	2.5	0.0	6.9	..
Norway	4.6	10.6	7.4	3.6	15.1	..
Portugal	16.4	0.9	3.5	..	..	63.9
Spain	4.8	7.4	8.5	0.3	0.4	..
Sweden	4.2	9.5	8.1	0.2	20.9	0.6
Switzerland	9.0	3.3	9.2	7.0	18.5	..
United Kingdom	14.0	7.0	11.0	1.8	3.0	0.02
United States of America*	2.8	4.4	3.6	7.3	4.0	30.0
European Union	4.0	2.3	..	..	..	..
OECD - Development Assistance Committee	10.4	3.5	7.2	2.1	5.6	8.9

... (continued)

Table 1 (continued)

B. Percentage of total aid given, by region

(except European Economies in Transition, where US$m are indicated)

Country/Grouping	South Asia %	Other Asia and Oceania %	Middle East, and North Africa %	Sub-Saharan Africa %	Latin America and Caribbean %	European economies in transition (millions US$)
Australia	12.7	65.4	2.3	18.0	1.6	5
Austria	10.0	38.2	1.4	30.7	6.6	412
Belgium	8.4	10.3	13.2	56.6	11.6	135
Canada	22.4	12.6	7.9	43.9	13.1	261
Denmark	21.1	5.7	8.0	57.5	7.7	83
Finland	16.8	10.6	9.1	54.6	8.9	57
France	6.0	17.9	14.4	56.5	5.2	366
Germany	15.2	10.5	24.7	38.2	11.4	3,875
Ireland*	10.3	2.8	19.7	63.0	4.2	10
Italy	7.8	8.6	20.4	43.5	19.7	460
Japan	19.8	42.3	9.9	18.3	9.7	243
Luxembourg	10.4	3.5	17.6	54.2	14.3	6
Netherlands	19.7	9.2	6.9	43.4	20.8	163
New Zealand	5.3	83.7	1.3	8.1	1.6	1
Norway	19.4	6.2	4.3	60.6	9.5	80
Portugal	0.3	0.2	0.8	98.3	0.4	18
Spain	0.8	16.9	21.8	19.1	41.4	102
Sweden	16.0	10.1	7.0	55.8	11.1	354
Switzerland	21.6	9.0	10.4	44.6	14.1	128
United Kingdom	24.4	6.1	7.4	53.9	8.2	339
United States of America*	11.9	4.0	48.4	23.4	12.3	774
European Union	5.5	2.4	15.6	67.4	9.1	1,045
OECD - Development Assistance Committee	14.4	17.7	19.9	36.7	11.3	8,053

... (continued)

Table 1 (continued)

C. Percentage of ODA

Country/Grouping	of GNP	Through NGOs	To least-developed countries	Through multilaterals
Australia	0.36	1.50	20.0	27.6
Austria	0.29	0.36	21.0	23.2
Belgium	0.37	0.23	35.0	94.0
Canada	0.46	10.40	29.0	31.7
Denmark	1.02	0.28	36.0	44.4
Finland	0.62	6.80	37.0	36.1
France	0.59	0.37	25.0	22.9
Germany	0.36	2.50	25.0	32.2
Ireland*	0.16	1.40	33.0	..
Italy	0.34	..	27.0	38.0
Japan	0.30	0.98	17.0	22.0
Luxembourg	0.26	..	35.0	..
Holland	0.86	..	30.0	31.0
New Zealand	0.26	0.07	20.0	..
Norway	1.12	6.60	47.0	37.0
Portugal	0.36	0.33	73.0	..
Spain	0.26	1.30	5.0	..
Sweden	1.03	4.60	32.0	29.4
Switzerland	0.46	8.78	30.0	29.9
United Kingdom	0.30	0.71	33.0	45.2
United States of America*	0.18	..	23.0	24.9
European Union	..	..	27.0	6.9
OECD - Development Assistance Committee	0.33	3.60	25.0	32.3

... (continued)

Table 1 (continued)

D. Flows - in millions US dollars a/

Country/Grouping	Total ODA disbursed b/	Direct bilateral aid	NGO flows c/	Private investments d/	Net flows to developing countries e/
Australia	973	739	63	2,694	4,122
Austria	556	420	79	31	817
Belgium	865	543	30	803	2,196
Canada	2,515	1,706	270	864	4,157
Denmark	1,392	756	..	..	1,392
Finland	644	421	..	(79)	770
France	8,270	6,302	..	..	..
Germany	7,572	5,231	..	..	..
Ireland*	69	..	..	..	96
Italy	4,122	2,430	..	772	6,113
Japan	11,151	8,385	190	1,547	16,154
Luxembourg	36	20	8	5,812	5,857
Netherlands	2,753	1,880	260	277	3,382
New Zealand	97	74	12	..	109
Norway	1,273	811	..	32	1,304
Portugal	302	242	1	81	417
Spain	1,518	1,100	88	..	1,703
Sweden	2,460	1,777	..	436	2,900
Switzerland	1,139	677	168	..	1,307
United Kingdom	3,217	1,699	438	744	4,696
United States of America*	11,709	7,859	2,812	17,666	33,492
European Union	4,462	4,156	..	..	4,849
OECD - Development Assistance Committee	60,420	40,862	..	31,662	..

Notes: * All figures 1992, unless otherwise indicated. The figures for Ireland and the USA are from 1991.

a/ ODA to European Economies in Transition is not a part of the total ODA indicated.

b/ DAC aid disbursed to developing countries and multilateral agencies.

c/ Total NGO flows estimated by UNDP exceed incomplete country data provided to OECD.

d/ Table data is from the OECD; UNDP lists total private investment at US $102 billion. According to UNDP, 72 per cent went to China, Malaysia, Argentina, Thailand, Indonesia, Brazil, Nigeria, Venezuela and the Republic of Korea; Sub-Saharan African countries received 6 per cent; LDCs received 2 per cent.

e/ Total net flows to developing countries equal total bilateral, multilateral and NGO aid, total private flows, including export credit, equities, other bilateral assets and remitttances.

Sources: Commission of the European Communities, Financial Cooperation under the Lomé Conventions, Brussels, 1993; Government Aid Offices; OECD, Development Assistance Report, Paris 1993; United Nations Development Programme, Human Development Report, New York, 1993 and 1994; World Bank, World Debt Tables, Washington, D.C., 1994, and World Bank, World Development Report, Washington DC, 1993.

Table 2

MULTILATERAL DEVELOPMENT BANK APPROVALS OF ODA IN 1993

Percentage of total loans approved [a/]

SECTORAL	WB [b/] %	IDB %	ADB [c/] %	AfDB %	Total US$m
Social infrastructure	29.30	31.00	14.70	8.00	9,764
Education	8.50	8.30	7.30	..	
Basic	..	..	4.00	..	
Higher	..	..	3.30	..	
Water supply and sewage	4.90	..	5.10	..	
Health, nutrition and population	7.60	21.30	0.60	..	
Urban development	8.30	1.10	1.82	..	
REGIONAL					
Asia	54.20	-	100	-	18,134
South Asia	14.40	-	..	-	
East Asia and Pacific	23.50	-	..	-	
Europe and Central Asia	16.30	-	..	-	
Africa	19.80	-	-	100	7,216
Middle East and North Africa	7.90	-	-	44.90	
Sub-Saharan Africa	11.90	-	-	55.10	
Latin America	26.00	100	-	-	12,131
TOTAL loans approved 1993 (US$m)	23,696	5,962	5,304	2,518	37,480
TOTAL amount disbursed 1993 (US$m)	7,005	3,732	2,941	2,150	15,828
Debt repayments (US$m)	(10,977)	(2,101)	(2,010)	(393)	(15,481)
TOTAL NET FLOWS to developing countries (US$m)	(3,972)	1,631	931	1,757	347

Notes: a/ Data may not total 100 per cent due to rounding.
b/ Of total World Bank loans, about 30 per cent are IDA funds.
c/ Social infrastructure includes health and education. Water supply and sanitation fall into the economic infrastructure category under public utilities, which also includes telecommunications and energy.

Sources: African Development Bank, Annual Report, Abidjan, 1993; Asian Development Bank, Annual Report, Manila, 1993; Interamerican Development Bank, Annual Report, Washington D.C., 1993, and World Bank, Annual Report, Washington DC, 1993.

Table 3

TRENDS IN TOTAL NET RECEIPTS OF ODA BY REGION

Region	Percentage of total ODA					Percentage of DAC bilateral ODA 1991	ODA receipts		ODA as percentage of LDC's GNP		GNP per capita	Share in total population
	1960-61	1970-71	1980-81	1985-86	1990-91		1991 $ billion	Annual real % change 1981-91	1985-86	1990-91	$	1990
Sub-Saharan Africa	9.0	18.7	30.8	33.8	36.8	30.7	16.4	9.6	5.0	10.8	320	12.2
Asia	44.8	47.1	35.6	30.9	29.8	26.6	13.6	5.9	0.8	1.0	560	68.4
Oceania	..	4.2	4.6	3.7	2.9	3.5	1.3	3.1	15.1	12.1	960	0.1
North Africa and Middle East	26.7	11.2	15.4	18.3	17.1	22.6	8.5	10.1	0.8	1.0	3,780	5.9
Latin America	9.9	16.0	10.2	12.1	11.0	12.5	5.1	8.3	0.5	0.5	2,340	11.0
Southern Europe	9.3	2.8	3.4	1.2	2.6	4.2	1.7	9.8	0.2	0.5	2,630	2.4

Notes: Net ODA from DAC Member and DAC Members financed multilateral organisations. Group averages are calculated on available data only. Excludes unallocated amounts by region.

Source: DAC Chairman Reports, 1985 and 1992, OECD, Paris.

Table 4

AID-RELIANCE RATIOS AND PER CAPITA INCOME OF RECIPIENT COUNTRIES

Countries shown in descending order of ODA/GNP ratio [a]

Regions and major recipients		ODA as % of GNP 1990-91	Per capita income 1991
SUB-SAHARAN AFRICA		10.8	320
LICs		11.0	300
of which:	Mozambique LDC	98.2	70
	United Republic of Tanzania LDC	40.0	100
	Somalia LDC	33.8	150[b]
	Sahel Group LDC	20.3	380
	Lesotho LDC	17.4	580
	Madagascar	17.0	210
	Ethiopia LDC	15.9	120
	Zambia	14.0	420[b]
	Rwanda LDC	13.6	260
	Uganda LDC	13.5	160
	Kenya	13.4	340
	Ghana	12.8	400
	Congo	8.8	1,120
	Zaire	7.2	160
	Côte d'Ivoire	6.9	690
	Sudan LDC	6.7	470[b]
	Zimbabwe	6.3	610
	Cameroon	4.4	940
	Nigeria	1.0	290
LMICs		4.7	1,700
UMICs		4.7	3,780
OTHERS		10.3	5,110
LATIN AMERICA		0.5	2,340
LICs		2.6	980
of which:	Bolivia	13.3	650
	Honduras	8.9	570
	Haiti LDC	8.4	370
	El Salvador	5.7	1,070
	Guatemala	2.4	930
	Ecuador	1.9	1,020
	Dominican Republic	1.8	950
	Peru	1.6	1,020
	Colombia	0.3	1,280
	Nicaragua	0.0	340
LMICs		0.9	2,490
of which:	Jamaica	7.9	1,380
	Costa Rica	4.6	1,930
	Argentina	0.3	2,780
UMICS		0.1	2,880
of which:	Mexico	0.1	2,870
	Brazil	0.0	2,970

.... (continued)

Table 4 (continued)

Regions and major recipients		ODA as % of GNP 1990-91	Per capita income 1991
OTHERS		0.2	8,550
of which:	Suriname	3.8	3,610
ASIA		1.0	560
LICs		1.3	380
of which:	Nepal LDC	13.1	180
	Bangladesh LDC	11.4	220
	Sri Lanka	10.5	500
	Indochina	4.9	230
	Pakistan	3.1	400
	Philippines	3.0	740
	Indonesia	2.0	610
	India	0.6	330
	China	0.5	370
LMICs		1.3	1,800
of which:	Malaysia	1.4	2,490
	Thailand	1.2	1,580
OTHERS		0.0	7,480
OCEANIA		12.1	960
LICs		14.3	820
of which:	Papua New Guinea	11.0	820
LMICs		4.3	1,830
NORTH AFRICA AND MIDDLE EAST		1.0	1,410
LICs		8.0	770
of which:	Egypt	12.6	620
	Yemen LDC	3.4	540
	Morocco	3.2	1,030
LMICs		0.3	2,100
of which:	Jordan	11.3	1,120
	Tunisia	3.0	1,510
	Algeria	0.6	2,020
OTHERS		0.7	7,100
of which:	Israel	3.1	10,970[b/]

a/ Nomenclature: LDC: Least developed country; LICs: Low-income countries; LMICs: Lower-middle-income countries; UMICs: Upper-middle-income countries.

b/ 1990 GNP per capita.

Notes: Net from DAC Members and DAC financed multilateral organizations. Group averages are calculated on available data only.

Source: DAC Chairman's Report, 1992, OECD, Paris.